



**THE TOURIST COMPANY OF NIGERIA PLC**

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## **THE TOURIST COMPANY OF NIGERIA Plc**

### **CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The Tourist Company of Nigeria Plc (trading as Federal Palace Hotel & Casino)

Directors Chief A Idigbe SAN A Bulama Dr A Thomopulos U Ibru

AG Johnston\* DR Mokhobo\* GI Wood\* TJD Kliegl\*

(\*South African)

Company Registration No.: RC3781, TIN No.00275919-0001

Company Secretary: Punuka Nominees Limited

# **THE TOURIST COMPANY OF NIGERIA PLC**

## **CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022**

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# THE TOURIST COMPANY OF NIGERIA PLC

## RESPONSIBILITY STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

We have conducted a review of the condensed financial statements. We confirm that to the best of our knowledge:

- a The condensed financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', and in the manner required by the Companies and Allied Matters Act of Nigeria Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council Act, 2011.
- b The condensed financial statements do not contain any untrue material fact or contain a material omission of fact.
- c The condensed financial statements of the Company fairly present in all material respects the financial performance for the period and financial position for the period then ended.



Mr David Kliegl (General Manager)  
*FRC/2013/NIM/00000004949*

28 July 2022



Ms. Morenikeji Onaderu (Chief Accountant)  
*FRC/2022/PRO/ICAN/001/538526*

28 July 2022

# THE TOURIST COMPANY OF NIGERIA PLC

## SHAREHOLDER INFORMATION AS AT 30 JUNE 2022

	<u>No. of shares</u>	<u>%</u>
Sun International Limited	1,108,138,647	49.3%
Associated Ventures International Limited	419,408,169	18.7%
Oma Investments Limited	405,614,547	18.1%
Ikeja Hotel Plc	<u>273,529,085</u>	<u>12.2%</u>
Shareholders holding more than 5% of the issued share capital	2,206,690,448	98.2%
Free float	39,747,024	1.8%
	<u><b>2,246,437,472</b></u>	<u><b>100.0%</b></u>

### **Delisting from the Nigerian Stock Exchange**

On 1 July 2015, the Nigerian Stock Exchange (NSE) notified the Company of its intention to delist The Tourist Company of Nigeria Plc due to the free float deficiency. A board resolution was passed on 13 July 2015 authorising the delisting, and communicated in a letter to the NSE on 20 July 2015. The Company sent a reminder to the NSE on 27 April 2016. The NSE responded on 31 May 2017 that the delisting process had been placed on hold until the governance problems at Ikeja Hotel Plc have been resolved. The board will consider its options when the Ikeja Hotel Plc's governance issues have been resolved, but will co-operate fully with the NSE on the way forward.

# THE TOURIST COMPANY OF NIGERIA PLC

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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### 1. REPORTING ENTITY

The Tourist Company of Nigeria Plc is a public liability company registered in Nigeria and is quoted on the Nigerian Stock Exchange. It was incorporated on 10 April 1964. The Company converted from a private company to its current form on 20 April 1994. The Company operates a gaming and hospitality business in Victoria Island, Lagos.

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

#### (a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council Act, 2011. The financial statements were authorised for issue by the board of directors on 28 July 2022.

#### (b) Basis of measurement

The financial statements have been prepared under the historical cost convention except for certain financial instruments initially measured at fair value and certain classes of property, plant and equipment measured at fair value.

#### (c) Critical accounting estimates and judgements

Preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

- **Asset useful lives and residual values**  
Property, plant and equipment are depreciated over their useful lives, taking into account residual values where appropriate. The actual useful lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset useful lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the assets and projected disposal values.
- **Deferred tax**  
Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.
- **Contingencies (including taxation)**  
Management made certain key assumptions about the likelihood and magnitude of outflow of economic resources.
- **Going concern**  
Management has made estimates on future economic and business realities as it relates to forecasts and budgets used in the assessment of the Company's ability to continue as a going concern and the appropriateness of the going concern assumption in the preparation of the financial statements.

#### (d) Functional and presentation currency

The financial statements are presented in Nigerian Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand except where otherwise indicated.

### 3. CHANGES IN ACCOUNTING POLICIES

The Company initially applied IFRS 16 Leases from 1 January 2019. A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the Company's financial statements

#### Definition of lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4(k)

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019 contains a lease.

#### As a lessee

As a lessee, the Company leases assets such as printers and a table game. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of these leases ie. these leases are or-balance sheet.

# THE TOURIST COMPANY OF NIGERIA PLC

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property the Company has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

### *Leases classified as operating leases under IAS 17*

Previously, the Company classified equipment leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the company's incremental borrowing rate at the date of initial application: the company applied this approach to its largest property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the company applied this approach to all other leases.

The company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired. The company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the company:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

### **Impact on financial statements**

On transition to IFRS 16, the Company did not recognise the right-of-use assets on table gaming rental as this equipment has a lease period of less than 12 months from the point of initial recognition. There was no lease liabilities and no difference to be recognised in retained earnings.

The Company entered into a new lease contract in the year with a new vendor for ten (10) printing machines for a period of four years after the expiration of its old contract. The new lease contract commenced on 1 September 2019 and would expire on 31 August 2023. The contract has no option for extension. As the contract was entered in the year, there are no transition adjustments required.

## **4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been consistently applied to all periods presented in these financial statements, unless otherwise stated.

### **(a) Foreign currency transactions**

Transactions denominated in foreign currencies are translated to Naira at the rate of exchange ruling on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Gains or losses arising on translation are recognised in profit or loss.

### **(b) Property, plant and equipment**

#### *Recognition and measurement*

Items of property, plant and equipment are stated at cost/revalued amount less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Property, plant and equipment not yet available for use are disclosed as capital-work-in-progress.

Purchased software that is integral to the functionality of related equipment is capitalised as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as the owned assets or, where shorter, the term of the relevant lease.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

#### *Depreciation*

Depreciation is calculated so as to write off the cost of items of property, plant and equipment less their estimated residual values over their useful lives, using the straight-line method. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term, in which case the assets are developed over the useful life.

# THE TOURIST COMPANY OF NIGERIA PLC

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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The principal useful lives over which the assets are depreciated are as follows:

Buildings and infrastructure	
- Casino and hotel premises	36 - 40 years
- Infrastructure	10 - 40 years
Plant and machinery	
- Pumps, pipes, tanks and compressors	10 years
- Generating set equipment	2 years
- Generators	10 years
Casino equipment	10 years
Hotel and office equipment	10 years
Furniture and fittings	10 years
Motor vehicles	9 years

Depreciation (usage) of operating equipment (which includes uniforms, casino chips, kitchen utensils, crockery, cutlery and linen) is recognised as an expense. The period of usage depends on the nature of the operating equipment and varies between one and three years. Assets held under lease in line with IFRS 16 are depreciated over the term of the relevant lease.

The assets' residual values and useful lives are reviewed annually, and adjusted if appropriate, at reporting date. Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

### *Subsequent costs*

Costs arising subsequent to the acquisition of an asset are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is then de-recognised. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

### *Derecognition*

The carrying amount of an item or PPE shall be derecognised on disposal or when no future economic benefit is expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the statement of profit or loss and other comprehensive income.

### **(c) Intangible assets**

#### *Recognition, measurement and amortisation*

Expenditure on computer software is capitalised and amortised using the straight line method over 4 years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

### *Subsequent costs*

Costs arising subsequent to the acquisition of an asset are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is then de-recognised. All other repairs and maintenance costs are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

### *Derecognition*

The carrying amount of an item is derecognised on disposal or when no future economic benefit are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the statement of profit or loss and other comprehensive income.

### **(d) Inventories**

Inventories comprises of merchandise held for sale and consumables, and are measured at the lower of cost and net realisable value on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less any costs necessary to make the sale. The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

### **(e) Cash and cash equivalents**

Cash and cash equivalents are classified as loans and receivables and subsequently measured at amortised cost. Cash and cash equivalents comprise cash on hand and deposits held on call with banks with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purposes of cash flow statement.

### **(f) Financial instruments**

Financial instruments carried at reporting date include trade receivables, cash and cash equivalents, borrowings, trade payables and accruals.

# THE TOURIST COMPANY OF NIGERIA PLC

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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Financial instruments are recognised initially at fair value plus, any directly attributable transaction costs. Subsequent to initial recognition, financial instruments are measured as described below.

### **Recognition and derecognition**

All financial assets and liabilities are initially recognised at fair value, which is usually the transaction price including, where appropriate, transaction costs, with the exception of trade receivables without a significant financing component, which are measured at their transaction price, determined in accordance with the Company's accounting policies for revenue. Subsequently, measurement depends on the financial assets/liabilities classification as follows:

#### *Financial assets measured at fair value through profit or loss (FVPL)*

Non-equity financial assets are classified at fair value through profit or loss if they arise from contracts which do not give rise to cash flows which are solely principal and interest, or otherwise where they are held in a business model which mainly realises them through sale. Such assets are re-measured to fair value at the end of each reporting period. Gains and losses arising from re-measurement are taken to profit or loss, as are transaction costs.

#### *Financial assets measured at FVOCI*

Non-equity financial assets are classified at fair value through other comprehensive income where they arise from contracts which give rise to cash flows which are solely principal and interest and which are held in a business model which realises some through sale and some by holding them to maturity. They are recognised initially at fair value plus any directly attributable transaction costs, or in the case of trade receivables, at the transaction price.

At the end of each reporting period they are re-measured to fair value, with the cumulative gain or loss compared to their amortised cost being recognised in other comprehensive income and in the fair value reserve, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gain and losses. When these assets are derecognised, the cumulative gain or loss is reclassified from equity to profit or loss.

#### *Financial assets measured at amortised cost (AC)*

Financial assets are held at amortised cost when they arise from contracts which give rise to contractual cash flows which are solely principal and interest and are held in a business model which mainly holds the assets to collect contractual cash flows. These assets are measured at amortised cost using the effective interest method and are also subject to impairment losses. Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated on the amortised cost (i.e., gross carrying amount less loss allowance). Interest income is included in finance income.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

#### *Financial liabilities*

All financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method. Short term trade and other payables with no stated rates of interest are measured at original invoice amounts where the effect of discounting is not significant.

#### **Offsetting**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **(g) Impairment**

##### *Financial assets (Non-derivative financial assets)*

The Company recognises loss allowance for expected credit loss (ECLs) on financial assets measured at amortised cost. Loss allowance is measured at an amount equal to lifetime ECLs, with the exception of the following which are measured at 12 month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

# THE TOURIST COMPANY OF NIGERIA PLC

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs using a simplified impairment methodology adjusted for current conditions and forward looking information.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over when the Company is exposed to credit risk.

### *Credit impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of amounts due on terms that the Company would not consider otherwise

### *Write-off*

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For its customers, the Company individually makes an assessment with respect to the timing and amount write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

### *Non-financial assets*

Intangible assets that have an indefinite useful life are not subject to depreciation or amortisation and are tested annually for impairment. Other assets with finite useful life that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate.

Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI.

### **(h) Share capital**

The Company has only one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve.

### **(i) Income tax**

Income tax for the year comprises current and deferred tax. Taxation is recognised in the statement of profit or loss and other comprehensive income, except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

# THE TOURIST COMPANY OF NIGERIA PLC

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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### *Current tax*

Income tax for the year comprises current and deferred tax. Taxation is recognised in the statement of profit or loss and other comprehensive income, except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Company Income Tax - This relates to tax on revenue and profit generated by the Company during the year, to be taxed under the Companies Income Tax Act Cap C21, Laws of the Federation of Nigeria 2004 as amended, to date.

Tertiary Education Tax - Tertiary education tax is based on the assessable income of the Company and is governed by the Tertiary Education Trust Fund (Establishment) Act Laws of the Federation of Nigeria 2011.

### *Deferred tax*

Deferred tax is provided in full, using the liability method and using tax rates enacted or substantively enacted at the reporting date, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets relating to the carry forward of unused tax losses, tax credits and deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### **(j) Minimum tax**

The Company is subject to the Finance Act of 2019 which amends the Company Income Tax Act (CITA). Total amount of tax payable under the Finance Act is determined based on the higher of two components; Company Income Tax (based on taxable income (or loss) for the year); and Minimum tax (determined based on 0.5% of qualifying Company's turnover less franked investment income). Taxes based on taxable profit for the period are treated as income tax in line with IAS 12; whereas Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss. The liability is recognised under trade and other payables in the statement of financial position.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as minimum tax

### **(k) Leased assets**

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately

#### **Policy applicable from 1 January 2019**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019

#### **As a lessee**

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

### **Short term leases and leases of low-value asset**

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### **Policy applicable before 1 January 2019**

For contracts entered into before 1 January 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

### **As a lessee**

In the comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

### **(l) Employee benefits**

#### *Short-term employee benefits*

Short-term employee benefit obligations are measured on an un-discounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

#### *Defined contribution retirement plans*

The Company operates a contributory scheme in line with the Pension Reform Act, 2014. The Company and the employees respectively contribute 10% and 8% of the employees' current salaries and designated allowances into a separate entity. The Company's contributions are charged to profit or loss in the period to which the contributions relate. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods.

### **(m) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

# THE TOURIST COMPANY OF NIGERIA PLC

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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### **(n) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

### **(o) Statement of cash flows**

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes and other non-cash items, have been eliminated for the purpose of preparing the statement. Interest paid is also included in financing activities while finance income is included in investing activities.

### **(p) Revenue**

Revenue is recognised at the transaction price, when control of a good or service is transferred to a customer in the ordinary course of the Company's activities. Revenue includes net gaming win, hotel, entertainment and restaurant revenues, other service fees, rental income and the invoiced value of goods and services sold less returns and allowances. Taxes levied on casino winnings are included in revenue and treated as overhead expenses, as these are borne by the Company and not by its customers.

Value added tax (VAT) on all other revenue transactions is considered to be a tax collected by the Company as an agent on behalf of the revenue authorities and is excluded from revenue. Customer loyalty points are provided against revenue when points are earned.

### **(q) Finance income and finance costs**

Interest income and interest expense on all interest bearing financial instruments are recognised using the effective interest method. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipt through the expected life of the financial instrument to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. Net finance costs include interest expense on borrowings as well as interest income on bank balances. Net finance costs also include other finance income and expense items, such as exchange differences arising on borrowings and the settlement of foreign currency creditors. Foreign currency gains and losses are reported on a net basis.

### **(r) Loss per share**

The Company presents basic and diluted loss per share (LPS) data for its ordinary shares. Basic LPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted LPS is determined by adjusting the loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

### **(s) Segment reporting**

Segment results that are reported to the Company's Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, shared services and tax assets and liabilities.

### **(q) Related parties**

Related parties includes the ultimate holding company and other major shareholders, directors, their close family members and any employee who is able to exert a significant influence on operating policies or the Company, are also considered to be related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the entire directly or indirectly

## **5. Determination of fair values**

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

- **Trade and other receivables**

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes. For short term receivables, no disclosure of fair value is presented when the carrying amount is a reasonable approximation of fair value.

- **Borrowings**

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date

# THE TOURIST COMPANY OF NIGERIA PLC

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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- Property, plant and equipment  
The fair value of leasehold land and building which were revalued in prior year was determined based on the observable market price for similar property in the same location with consideration for cost required to ensure the sale at the date of the revaluation.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities  
input other than quoted prices included in Level 1 that are observable for the asset or liability, either
- Level 2:* directly (i.e. as prices) or indirectly (i.e. as derived from prices).
- Level 3:* Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.


# THE TOURIST COMPANY OF NIGERIA PLC


## CONDENSED UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	30 June 2022 ₦'000	30 June 2021 ₦'000	31 December 2021 ₦'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	30,128,641	30,679,116	30,407,531
Intangible assets		1,192	1,153	1,614
Tax assets		92,044	96,066	96,595
		<b>30,221,877</b>	<b>30,776,336</b>	<b>30,505,740</b>
<b>Current assets</b>				
Tax assets			6,481	-
Inventories		198,064	121,779	143,135
Trade and other receivables	4	130,590	78,020	125,469
Prepayments		97,617	77,338	82,833
Cash and cash equivalents		630,488	603,940	836,938
		<b>1,056,758</b>	<b>887,559</b>	<b>1,188,375</b>
<b>Total assets</b>		<b>31,278,635</b>	<b>31,663,896</b>	<b>31,694,115</b>
<b>Capital and reserves</b>				
Share capital and share premium		5,255,983	5,255,983	5,255,983
Revaluation reserve		20,253,712	20,257,610	20,257,610
Accumulated losses		(24,754,969)	(23,286,647)	(24,303,120)
<b>Total equity</b>		<b>754,725</b>	<b>2,226,946</b>	<b>1,210,473</b>
<b>Non-current liabilities</b>				
Loans and borrowings	5	28,555,051	27,840,246	28,749,199
Deferred tax		-	-	-
		<b>28,555,051</b>	<b>27,840,246</b>	<b>28,749,199</b>
<b>Current liabilities</b>				
Trade and other payables		1,959,758	1,588,319	1,721,375
Loans and borrowings		8,385	8,385	8,385
Current tax liabilities		716	-	4,683
		<b>1,968,859</b>	<b>1,596,704</b>	<b>1,734,443</b>
<b>Total liabilities</b>		<b>30,523,910</b>	<b>29,436,950</b>	<b>30,483,642</b>
<b>Total equity and liabilities</b>		<b>31,278,635</b>	<b>31,663,896</b>	<b>31,694,115</b>

The accompanying notes to the financial statements form an integral part of these financial statements.

Approved by the Board of Directors on 28 July 2022 and signed on its behalf by:

  
 \_\_\_\_\_ ) Mr. David Kliegl; (General Manager)  
 FRC/2013/NIM/0000004949

  
 \_\_\_\_\_ ) Ms. Morenikeji Onaderu (Chief Accountant)  
 FRC/2022/PRO/ICAN/001/538526

# THE TOURIST COMPANY OF NIGERIA PLC

## CONDENSED UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Three months ended 30 June 2022 N'000	Three months ended 30 June 2021 N'000	Year to date 30 June 2022 N'000	Year to date 30 June 2021 N'000	Year ended 31 December 2021 N'000
<b>Revenue</b>					
Gaming	411,560	393,067	720,458	697,147	1,567,578
Hospitality	476,530	310,657	935,342	525,481	1,514,060
	<b>888,090</b>	703,724	<b>1,655,801</b>	1,222,628	3,081,638
<b>Expenses</b>	<b>(1,198,850)</b>	(932,268)	<b>(2,293,689)</b>	(1,839,387)	(3,790,633)
<b>Operating (loss) / profit</b>	<b>(310,760)</b>	(228,544)	<b>(637,888)</b>	(616,759)	(708,995)
Finance costs	2 (344,675)	(207,478)	193,840	(695,103)	(1,610,003)
<b>Profit before minimum tax</b>	<b>(655,436)</b>	(436,022)	<b>(444,048)</b>	(1,311,863)	(2,318,998)
Minimum tax	(3,240)	(1,763)	(7,083)	(3,063)	(7,718)
<b>Profit before taxation</b>	<b>(658,676)</b>	(437,784)	<b>(451,131)</b>	(1,314,926)	(2,326,716)
Taxation	(716)	-	(716)	-	(4,683)
<b>(Loss) / profit after tax</b>	<b>(659,392)</b>	(437,784)	<b>(451,847)</b>	(1,314,926)	(2,331,399)
Other comprehensive income/(loss):					
Revaluation of property, plant and equipment	-	-	(3,900)	-	-
<b>Total other comprehensive (loss) / income</b>	-	-	(3,900)	-	-
<b>Total comprehensive (loss) / income</b>	1 <b>(659,392)</b>	(437,784)	<b>(455,747)</b>	(1,314,926)	(2,331,399)
<b>(Loss) / earnings per share (kobo)</b>	<b>(29)</b>	(19)	<b>(20)</b>	(59)	(104)

The accompanying notes to the financial statements form an integral part of these financial statements.

Internal revenues for the three months ended 30 June 2022 of ₦31.3 million (2021: ₦35.6 million) and for the year to date 30 June 2022 of ₦55 million (2021: ₦62.3 million) have been eliminated in compliance with IFRS. There is no impact on operating profit or loss.

## THE TOURIST COMPANY OF NIGERIA PLC

### CONDENSED UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Share capital ₦'000	Share premium ₦'000	Revaluation reserve ₦'000	Accumulated losses ₦'000	Total equity ₦'000
<b>Balance at 1 January 2021</b>	1,123,220	4,132,763	20,257,610	(21,971,721)	3,541,872
Loss for the year to date	-	-	-	(1,314,926)	(1,314,926)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	(1,314,926)	(1,314,926)
<b>Balance at 30 June 2021</b>	<u>1,123,220</u>	<u>4,132,763</u>	<u>20,257,610</u>	<u>(23,286,647)</u>	<u>2,226,946</u>
<b>Balance at 1 January 2022</b>	1,123,220	4,132,762	20,257,610	(24,303,119)	1,210,473
Loss for the year to date	-	-	-	(451,847)	(451,847)
Other comprehensive income	-	-	(3,900)	-	(3,900)
Total comprehensive income	-	-	(3,900)	(451,847)	(455,748)
<b>Balance at 30 June 2022</b>	<u>1,123,220</u>	<u>4,132,762</u>	<u>20,253,710</u>	<u>(24,754,967)</u>	<u>754,725</u>

The accompanying notes to the financial statements form an integral part of these financial statements.

# THE TOURIST COMPANY OF NIGERIA PLC

## CONDENSED UNAUDITED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Year to date 30 June 2022 N'000	Year to date 30 June 2021 N'000	Year ended 31 December 2021 N'000
Notes			
<b>Cash flows from operating activities</b>			
(Loss) / profit for the period	(451,847)	(1,314,926)	(2,331,399)
Adjustments for:			
Depreciation	389,036	377,738	755,455
Amortisation	422	810	1,423
Operating equipment usage	7,146	3,065	12,490
Finance cost	(193,840)	695,103	1,610,003
Write off of property, plant and equipment	5,264	4,630	13,741
Net movement in working capital	229,276	164,968	344,932
Tax expense	(3,967)	-	4,683
Impairment loss on financial assets	-	-	(57,305)
Discount on lease (lease concession)	(1,258)	-	(3,144)
Minimum tax	7,083	3,063	7,830
<b>Cash generated from operating activities</b>	<u>(12,685)</u>	<u>(65,548)</u>	<u>358,709</u>
Value Added Tax (VAT) paid	(69,694)	(37,329)	(103,741)
<b>Net cash generated from / (used in) operating activities</b>	<u>(82,378)</u>	<u>(102,877)</u>	<u>254,968</u>
<b>Cash flows from investing activities</b>			
Disposal / (purchase) of short term deposits	-	-	-
Interest income	1,578	2,602	5,519
Acquisition of property, plant and equipment	(122,557)	(16,216)	(140,883)
Acquisition of intangible assets	-	-	(1,074)
<b>Net cash used in investing activities</b>	<u>(120,979)</u>	<u>(13,614)</u>	<u>(136,438)</u>
<b>Cash flows from financing activities</b>			
Payment on lease liability	(4,193)	(4,193)	(8,718)
<b>Net cash provided by financing activities</b>	<u>(4,193)</u>	<u>(4,193)</u>	<u>(8,718)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(207,550)</b>	<b>(120,684)</b>	<b>109,811</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>836,938</b>	<b>706,541</b>	<b>706,541</b>
<b>Effect of movement in exchange rate on cash held</b>	<b>1,099</b>	<b>18,083</b>	<b>20,586</b>
<b>Cash and cash equivalents at the end of the period</b>	<u><b>630,488</b></u>	<u><b>603,940</b></u>	<u><b>836,938</b></u>

The accompanying notes to the financial statements form an integral part of these financial statements.

# THE TOURIST COMPANY OF NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Segment Information

The Company has two reportable segments, as described below.

Gaming:

This includes the provision of tables and slots gaming facilities.

Hospitality:

This consists of the sale of hotel room accommodation, sale of food and beverages in the Company's restaurants and bars, as well as venue hire, pool club subscriptions and entrance fees, parking and laundry charges, and other miscellaneous revenue.

Unallocated Costs represents support services to the above segments, and includes Finance and Administration, Human Resources, Information Technology, Security and other Property related services.

Information regarding the results of each reportable segment is provided below. Performance is measured based on segment profit before tax, as included in the Company's internal management reports that are reviewed by the Company's General Manager.

#### THREE MONTHS ENDED 30 JUNE

	Gaming		Hospitality		Unallocated		Total	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000	2022 N'000	2021 N'000	2022 N'000	2021 N'000
<b>Revenue</b>								
Total revenue for reportable segments	411,560	393,067	507,830	346,211	-	-	919,390	739,278
Elimination of inter-segment revenue *	-	-	(31,300)	(35,554)	-	-	(31,300)	(35,554)
Reportable segment revenue	<u>411,560</u>	<u>393,067</u>	<u>476,530</u>	<u>310,657</u>	<u>-</u>	<u>-</u>	<u>888,090</u>	<u>703,724</u>
<b>Profit before tax</b>								
Reportable segment revenue	411,560	393,067	476,530	310,657	-	-	888,090	703,724
Expenses	(170,602)	(135,086)	(178,441)	(143,936)	(682,061)	(499,525)	(1,031,104)	(778,547)
Elimination of inter-segment expenses	31,300	35,554	-	-	-	-	31,300	35,554
Depreciation and amortisation	-	-	-	-	(199,046)	(189,275)	(199,046)	(189,275)
Net Finance Costs	-	-	-	-	(344,675)	(207,478)	(344,675)	(207,478)
Loss before minimum tax	<u>272,257</u>	<u>293,535</u>	<u>298,089</u>	<u>166,720</u>	<u>(1,225,782)</u>	<u>(896,277)</u>	<u>(655,436)</u>	<u>(436,022)</u>

**Reportable segment assets** 31,278,635 31,663,896 31,278,635 31,663,896

**Reportable segment liabilities** 30,523,910 29,436,950 30,523,910 29,436,950

#### YEAR ENDED 31 DECEMBER 2021

	Gaming	Hospitality	Unallocated	Total
	N'000	N'000	N'000	N'000
<b>Revenue</b>				
Total revenue for reportable segments	1,567,578	1,631,932	-	3,199,510
Elimination of inter-segment revenue *	-	(117,872)	-	(117,872)
Reportable segment revenue	<u>1,567,578</u>	<u>1,514,060</u>	<u>-</u>	<u>3,081,638</u>
<b>Profit before tax</b>				
Reportable segment revenue	1,567,578	1,514,060	-	3,081,638
Expenses	(612,852)	(608,285)	(1,930,490)	(3,151,627)
Elimination of inter-segment expenses	117,872	-	-	117,872
Depreciation and amortisation	-	-	(756,878)	(756,878)
Net Finance Costs	-	-	(1,610,003)	(1,610,003)
Loss before minimum tax	<u>1,072,598</u>	<u>905,775</u>	<u>(4,297,371)</u>	<u>(2,318,998)</u>

**Reportable segment assets** 31,694,115 31,694,115

**Reportable segment liabilities** 30,483,642 30,483,642

\* Inter-segment revenue represents complimentary room sales and food and beverage revenue which is included in hospitality revenues.

# THE TOURIST COMPANY OF NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

	Three months ended 30 June 2022 ₦'000	Three months ended 30 June 2021 ₦'000	Year to date 30 June 2022 ₦'000	Year ended 31 December 2021 ₦'000
<b>2 Net finance costs</b>				
Net finance costs comprises:				
Interest income on bank balances	(692)	(1,326)	(1,578)	(5,519)
Interest expense on loans	-	-	-	-
Interest expense on lease	549	1,182	1,184	3,553
Loss/(Gain) on foreign exchange	344,819	207,622	(193,445)	1,611,969
	<b>344,675</b>	<b>207,478</b>	<b>(193,840)</b>	<b>1,610,003</b>

	Three months ended 30 June 2022 ₦'000	Three months ended 30 June 2021 ₦'000	Year to date 30 June 2022 ₦'000	Year ended 31 December 2021 ₦'000
<b>3 Property, plant and equipment</b>				
During the period, net additions to property, plant and equipment is analysed as follows:				
Leasehold land	-	-	-	-
Leasehold buildings	-	-	-	-
Infrastructure	-	-	-	-
Plant and machinery	74,770	14,375	107,640	47,494
Equipment	10,134	1,107	15,778	20,959
Furniture and fittings	1,777	-	1,777	-
Motor vehicles	-	-	-	-
Operating equipment	2,080	211	3,145	10,068
Capital work in progress	(58,994)	(11,504)	(5,782)	62,362
	<b>29,768</b>	<b>4,189</b>	<b>122,557</b>	<b>140,883</b>

Leasehold land and buildings with a book value of ₦29.7 billion were revalued by Jide Taiwo & Co. (FRC/2012/0000000000254) to ₦30.0 billion, effectively 31 December 2020, resulting in a revaluation surplus of ₦239 million and a related tax of ₦156 million recognised in other comprehensive income.

	30 June 2022 ₦'000	30 June 2021 ₦'000	31 December 2021 ₦'000
<b>4 Trade and other receivables</b>			
<b>Financial instruments</b>			
Trade receivables	139,829	172,435	188,668
Less: impairment	(107,624)	(159,746)	(99,195)
Net trade receivables	32,205	12,689	89,473
Credit card receivables	27,723	2,304	4,705
<b>Non-financial instruments</b>			
Other receivables	70,662	63,027	31,291
	<b>130,590</b>	<b>78,020</b>	<b>125,469</b>

# THE TOURIST COMPANY OF NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

		Year to date 30 June 2022 ₦'000	Year ended 31 December 2021 ₦'000	
<b>5 Loans and borrowings</b>				
(a) Shareholder and related party loans		28,554,928	28,746,066	
Lease liability		8,509	11,518	
Total loans and borrowings		<u>28,563,436</u>	<u>28,757,584</u>	
Split into:				
<b>Non current liabilities</b>				
Shareholder and related party loans		28,554,928	28,746,066	
Lease liability		124	3,133	
		<u>28,555,051</u>	<u>28,749,199</u>	
<b>Current liabilities</b>				
Shareholder and related party loans		-	-	
Lease liability		8,385	8,385	
		<u>8,385</u>	<u>8,385</u>	
(b) Shareholder and related party loans:				
	Three months ended 30 June 2022 US\$'000	Three months ended 30 June 2022 ₦'000	Year to date 30 June 2022 ₦'000	Year ended 31 December 2021 ₦'000
Non-current, unsecured				
<b>Shareholders:</b>				
<b>Ikeja Hotel Plc</b>				
At beginning of the period / year	22,187	9,231,984	9,409,927	8,882,309
Interest capitalised	-	-	-	-
Exchange difference	-	115,375	(62,569)	527,618
Related tax on interest	-	-	-	-
At end of period / year	<u>22,187</u>	<u>9,347,359</u>	<u>9,347,359</u>	<u>9,409,927</u>
<b>Sun International Limited</b>				
At beginning of the period / year	23,817	9,909,736	10,100,743	9,534,390
Interest capitalised	-	-	-	-
Exchange difference	-	123,845	(67,162)	566,352
Related tax on interest	-	-	-	-
At end of period / year	<u>23,817</u>	<u>10,033,581</u>	<u>10,033,581</u>	<u>10,100,742</u>
<b>Total shareholders</b>	<u>46,004</u>	<u>19,380,940</u>	<u>19,380,940</u>	<u>19,510,669</u>
<b>Other:</b>				
<b>Omamo Investment Corporation</b>				
At beginning of the period / year	21,776	9,060,753	9,235,396	8,717,565
Interest capitalised	-	-	-	-
Exchange difference	-	113,235	(61,408)	517,832
Related tax on interest	-	-	-	-
At end of period / year	<u>21,776</u>	<u>9,173,988</u>	<u>9,173,988</u>	<u>9,235,397</u>
	<u>67,780</u>	<u>28,554,928</u>	<u>28,554,928</u>	<u>28,746,066</u>

The interest rate of 5% (2021: 5%) has been set on the Company's fixed borrowings. Of these fixed borrowings 100% (2021:100%) were for periods longer than 12 months. The Company had no unutilised borrowing facilities at 30 June 2022 (2021: Nil).

# THE TOURIST COMPANY OF NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

On 1 April 2020, the Board of Directors resolved to suspend the interest expense on the shareholder's and related party loans from 1 March 2020 as a result of the detrimental impact of the pandemic to the Company. Consequently, interest expense on the loans has not been recognised on the loans.

Terms of the above loans:

- (i) They are unsecured.
- (ii) Repayment is subject to the board of director's discretion, taking into account the availability of funds and the Company's working capital requirements, provided that specific profitability and EBITDA targets have been met.
- (iii) The loans are denominated in US Dollars.
- (iv) Interest is capitalised at 5% per annum. However, the interest is waived from 1 March 2020 until otherwise agreed by the shareholders (Note (c)).

(c) Modification of shareholder and related party loans

The board of directors approved the proposal for a Company Voluntary Arrangement ("CVA") between Sun International Limited, Ikeja Hotels Plc (shareholders and creditors of the Company) and Omamo Investment Corporation Limited (a creditor of the Company) on 28 July 2021, in respect of the waiver of interest which would have accrued on the shareholders and related party loans from 1 March 2020 until otherwise agreed to by the shareholders and/or creditors. The CVA procedure is prescribed under Chapter 17 of the Companies and Allied Matters Act (CAMA), 2020.

In accordance with the CVA procedures, the proposal was considered at separate court-ordered meetings of the shareholders and creditors on 8 December 2021 (Omamo was not present at the meeting). The shareholders and creditors present at the meetings voted unanimously in favour of the resolution authorizing the implementation of the CVA process. Therefore, in terms of section 438(2)(a) of the CAMA 2020, the CVA has taken effect on the terms of the proposal and the shareholder and related party loans are modified accordingly.

Consequently, the Company has not recognised interest expense on shareholders and related party loans for the period of 1 March 2020 to 30 June 2022.

In terms of its articles of association, the directors, on behalf of the Company are empowered to borrow or obtain loans in the ordinary course of business and in the overall best interest of the Company subject to the approval of shareholders for a foreign loan.

The loan from Omamo Corporation is currently the subject to a legal dispute.

## 6 Management and support fees

### (a) Operating services agreement

The Company has an agreement with Sun International (South Africa) Limited (a subsidiary of Sun International Limited) until 30 September 2022 to manage the Company's business. The agreement was approved by the National Office for Technology Acquisition and Promotion (NOTAP) on 17 December 2018 with certificate number CR006767. In terms of this agreement, the Company was obligated to pay the following annual fees to Sun International (South Africa) Limited:

*-Basic fee*

A basic fee equal to 3% per annum of the net sales of the Company. This is exclusive of any taxes and is denominated and payable in Naira.

*-Incentive fee*

An incentive fee of 8% per annum of the gross operating profit of the Company. This fee is exclusive of any taxes and is denominated and payable in Naira.

The Company previously had an agreement with Sun International Management Limited (a subsidiary of Sun International Limited) until 30 September 2017 to manage the Company's business. The agreement with certificate number CR004719 was approved by the NOTAP on 19 May 2009 and expired on 30 September 2017. The terms of the agreement were a basic fee equal to 3% per annum of the gross revenue of the Company and an incentive fee of 10% per annum of the adjusted net profit of the Company. Both fees are exclusive of any taxes and are denominated and payable in Naira.

The management fees include VAT.

# THE TOURIST COMPANY OF NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### (b) Management fees

(based on the structure above)

	Three months ended 30 June 2022 N'000	Three months ended 30 June 2021 N'000	Year to date 30 June 2022 N'000	Year ended 31 December 2021 N'000
<i>Sun International (South Africa) Limited</i>				
Basic fees	28,641	16,735	53,400	99,383
Incentive fees	-	-	-	6,095
	<u>28,641</u>	<u>16,735</u>	<u>53,400</u>	<u>105,477</u>

## 7 Related parties

### (a) Ultimate holding company

The Company is an associate company of Sun International Limited incorporated in South Africa. Sun International Limited held 49.3% of the issued and fully paid share capital of the Company as at 30 June 2022 (2021: 49.3%)

### (b) Related party transactions

The transaction values and balances with related parties below exclude borrowings, the values of which are disclosed in note 6(b).

	Value of goods and services supplied (to) / from the Company				Amount due (to)/from the Company	
	Three months ended 30 June 2022 N'000	Three months ended 30 June 2021 N'000	Year to date 30 June 2022 N'000	Year ended 31 December 2021 N'000	Balance as at 30 June 2022 N'000	Balance as at 31 December 2021 N'000
(i) Accounts payable						
<i>Sun International (South Africa) Limited</i>	(50,394)	(36,948)	(85,798)	(172,106)	(140,592)	(64,100)
Is a subsidiary of Sun International Limited, which is a shareholder in the Company. It has an operating service agreement with the Company (Note 7(a)).						
(ii) Other related party transactions include:						
<i>AVI Services Limited</i>	(22,644)	(22,671)	(45,173)	(89,378)	-	-
Is controlled by Goodie M. Ibru, the former Chairman of the Company. It provides a staff transport service to the Company, operates a car hire business at the Hotel.						
<i>GM Ibru &amp; Co</i>	(10,713)	(23)	(21,427)	(9,180)	(21,427)	(1,873)
Is a firm of attorneys controlled by Goodie M. Ibru, the former Chairman of the Company. It provides legal services to the Company and rents offices from the Company.						
<i>Punuka Nominees Limited</i>	(1,344)	(1,313)	(2,688)	(16,013)	(5,334)	(8,022)
Is controlled by a director of the Company. It provides company secretarial services to the Company.						
<i>Guardian Press Limited</i>	-	-	-	-	(26)	(26)
The Guardian Press Limited is controlled by Lady Maiden Ibru. The Company purchases newspapers from The Guardian Press Limited.						
<i>Guy Saries Limited</i>	-	-	-	-	(50)	(50)
This company is controlled by Goodie Ibru, the former Chairman of the Company. It provides media agency to facilitate regulatory announcements on behalf of the Company.						
	<u>(85,096)</u>	<u>(60,954)</u>	<u>(155,085)</u>	<u>(286,677)</u>	<u>(167,429)</u>	<u>(74,071)</u>

# THE TOURIST COMPANY OF NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 7 Related parties

#### (b) Related party transactions

The transaction values and balances with related parties below exclude borrowings.

	Value of goods and services supplied (to) / from the Company				Amount due (to)/from the Company	
	Three months ended 30 June 2022 N'000	Three months ended 30 June 2021 N'000	Year to date 30 June 2022 N'000	Year ended 31 December 2021 N'000	Balance as at 30 June 2022 N'000	Balance as at 31 December 2021 N'000
(iii) Accounts receivable (for hospitality services provided)						
Ikeja Hotel Plc	-	-	-	-	4,247	4,247
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,247</u>	<u>4,247</u>

### 8 Events after reporting date

There were no events after the reporting date that could have had a material effect on the financial statements of the Company that have not been provided for or disclosed in these financial statements.

### 9 Contingencies

The Company is subject to various pending litigations and claims arising in the normal course of business. The contingent liabilities in respect of these pending litigation and claims amounted to ₦2.2 billion as at 30 June 2022 (2021: N2.0 billion). In addition, the Company is currently undergoing three tax regulatory reviews with respect to the financial statements of the financial year 2009 to 2016. As at the date of this report, the amount of the obligation with respect to the regulatory reviews has not been disclosed because the amount cannot be measured with sufficient reliability. In the opinion of the directors, no material loss is expected to arise from these claims and audits. Therefore, no provision for any loss arising has been made in the financial statements.

### 10 Shareholder dispute litigation

The Company has been involved in on-going shareholder and related party disputes as follows:

- On 23 September 2011, Omamo Investment Corporation ("Omamo"), instituted a winding up petition against the Company, on grounds that it believed that the Company was insolvent and that the Company had refused to repay its loan when Omamo demanded repayment. This petition was dismissed by the Federal High Court. As at 30 June 2022, the total loan balance payable to Omamo was ₦9.1 billion (30 June 2021: ₦8.9 billion). Based on the formal agreements duly executed by all the loan creditors (refer note 5), the loans are repayable at the discretion of the board of directors, taking into account availability of funds and working capital requirements of the Company provided specific EBITDA targets have been met. Accordingly none of the loans were due for repayment as at 30 June 2022.
- On 21 May 2012, Omamo Investment Corporation served a notice of demand on the Company, seeking repayment of its loan. In response thereto on 8 June 2012, the Company applied to the Federal High Court seeking an enforcement order of the terms of its agreement with Omamo as well as a shareholder in the Company and related party to Omamo namely Oma Investments Limited ("Oma"). With respect to the latter action, the court delivered judgement on 3 October 2013, in which it declined to grant the Company's application for an enforcement order. The Company's Solicitors are currently engaged in the appeal against this decision. The Appeal Court granted an amended notice to appeal, and the appeal stands adjourned to 20 November 2017, 16 April 2018, 25 March 2019, and subsequently adjourned to 3 November 2020 for hearing of pending applications. The case was not heard on 3 November 2020 and a new date for the hearing is yet to be communicated as at the time of this report.
- On 30 October 2012, Omamo and Oma filed a subsequent action against the Company, challenging (inter alia) further aspects of the agreements to which they are signatories. On 12 November 2013, the matter came up for hearing at the trial court where a motion for an injunction restraining Oma from making a further demand for repayment was declined. The Company's solicitors have proceeded to file a similar motion with the Court of Appeal. Until the motion of appeal is heard, Oma is effectively restrained from taking further action. As at the date of these financial statements, the court had not yet decided on this action.
- On 30 October 2012, in a separate suit, Oma Investment Ltd petitioned the Federal High Court challenging the legality of the hotel management agreement currently in place for the management of The Tourist Company of Nigeria Plc (TCN). TCN has raised a preliminary objection. On 30 January 2014, the Court dismissed the preliminary objection. Subsequently, TCN's solicitors have filed a motion for stay of proceedings transmitted to the Court of Appeal. On 3 July 2014 the Federal High Court adjourned the matter sine die (indefinitely) until the matter before the Court of Appeal has been determined. The Court of Appeal adjourned the matter to 22 September 2016. At the next adjourned date, 16 February 2017, the matter was adjourned to 2 July 2019 for hearing of the appeal. The court did not sit and the appeal further adjourned. The matter was adjourned to 25 January 2021. The matter did not proceed and was consequently adjourned to 7 October 2021, when the Court did not sit. The next date has yet to be communicated by the Court's registry. The Economic and Financial Crimes Commission (EFCC) commenced its investigation into the case in 2016. In the current year, no report has been issued as at the date of finalisation of these financial statements.

# THE TOURIST COMPANY OF NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 10 Shareholder dispute litigation

- (e) The Securities and Exchange Commission (SEC) engaged the firm of Deloitte and Touche to perform a forensic audit on the Company with a specific focus on the Sun International acquisition of TCN shares as well as "Ikeja Hotel Group" investment in TCN. The forensic audit has been submitted and is currently under consideration by SEC. The Board is awaiting the report findings and conclusions from the SEC taking into consideration responses received from the Company during and after the investigation exercise.

The directors, based on advice from the Company's solicitors are confident that judgment will be delivered in the Company's favour, and that the above litigation contingency will not materialise into a loss for TCN.

### 11 Going concern

The Company made profit before taxation amounting to ₦208 million for the three months ended 30 June 2022 (2021: ₦438 million losses) and as of that date, total assets exceeded total liabilities notwithstanding that the Company's current liabilities exceeded its current asset by ₦912 million (2021: ₦713 million). The Company has an accumulated loss of ₦24.8 billion as at 30 June 2022 (2021: ₦23.3 billion).

Although, the Company's performance in 2021 reflected a recovery from the economic impact of the COVID 19 pandemic, the general business environment for the hospitality and tourism industry is yet to fully recover and remains susceptible to further disruptions which continue to impact the financial performance of the Company

As indicated in Note 10, the Company is involved in multiple lawsuits with one of its shareholders, Oma Investment Ltd and its related party, Omamo Investment Corporation. The uncertainty inherent in the outcome of these lawsuits could have a significant impact on the future operations and management of the Company including its ability to settle its obligations in the normal course of business.

In addition, the largest shareholder of the Company, Sun International Limited (SIL) has expressed its intention to ultimately divest from the Company and exit Nigeria. Although, the full implications of the planned divestment by Sun International on the business are yet to be fully determined, it may impact on the sustained operations of the business. Meanwhile, the Company continues to trade as normal as at year end.

The uncertain outcome of the pending litigation, the intention of the majority shareholder to divest and the continued economic impact of the general business environment on the financial performance of the Company which has affected the Company's cash reserves indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern in the foreseeable future.

The directors have made an assessment of the Company's ability to continue to trade despite the accumulated loss position, and borrowings exceeding available cash resources. The repayment of the borrowings is governed by the Second Shareholders Agreement, which specifies repayments of the borrowings would only be triggered by the Company achieving specific profitability targets, and provided adequate funding is available. The profitability targets is unlikely to be achieved for the foreseeable future, hence the shareholders loan will not be due for repayment in line with the shareholders' agreement. Despite the economic indicators and the material uncertainty which prevails around the current challenging operating environment, the directors have assessed the cash flow projections for the year ahead and believe that the Company will have sufficient financial resources to continue to operate for the following twelve-month period.

In addition, the Company's operating management agreement with Sun International (South Africa) Limited (SISA), a subsidiary of Sun International Limited is valid for a period effective from 1 October 2017 to 30 September 2022. The Directors expect that SISA will continue to fulfill its obligations as contained in the operating management agreement during the validity period. TCN and SISA have also commenced arrangements to execute a renewal of the agreement before the end of the validity period.

Based on the foregoing, the directors have a reasonable expectation that the Company will continue to trade into the year ahead and therefore these financial statements have been prepared on the basis of accounting policies applicable to a going concern.

### 12 NSE policy requirements

- (a) The Company has adopted a Securities Trading Policy guiding its related parties (directors, employees and insiders) in compliance with section 14 of the NSE Amended Rules. The directors have complied with Company's Securities Trading Policy regarding securities transactions.

# THE TOURIST COMPANY OF NIGERIA PLC

## FINANCIAL SUMMARY

### STATEMENT OF FINANCIAL POSITION

	30 Jun 2022 ₦'000	31 Dec 2021 ₦'000	31 Dec 2020 ₦'000	31 Dec 2019 ₦'000	31 Dec 2018 Restated ₦'000
<b>Assets</b>					
Non-current assets	30,221,877	30,505,740	31,135,343	31,515,071	32,054,872
Current assets	1,056,758	1,188,375	994,222	1,832,712	2,035,967
<b>Total assets</b>	<b>31,278,635</b>	<b>31,694,114</b>	<b>32,129,565</b>	<b>33,347,783</b>	<b>34,090,839</b>
<b>Equity and liabilities</b>					
Capital and reserves	754,725	1,210,473	3,541,872	11,195,857	12,405,956
Non-current liabilities	28,555,051	28,749,199	27,142,478	20,630,109	19,986,664
Current liabilities	1,968,859	1,734,443	1,445,215	1,521,817	1,698,219
<b>Total equity and liabilities</b>	<b>31,278,636</b>	<b>31,694,115</b>	<b>32,129,565</b>	<b>33,347,783</b>	<b>34,090,839</b>

	Year 30 Jun ₦'000	Year ended 31 Dec ₦'000	Year ended 31 Dec 2020 ₦'000	Year ended 31 Dec 2019 ₦'000	18 months 31 Dec 2018 ₦'000
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### STATEMENT OF COMPREHENSIVE INCOME

<b>Revenue</b>	<b>1,655,801</b>	3,081,638	1,306,255	3,666,082	3,606,606
<b>Loss before tax</b>	<b>(451,131)</b>	(2,326,716)	(7,888,451)	(1,493,056)	(1,379,384)
Tax	(716)	(4,683)	-	283,523	4,006,807
<b>(Loss)/profit after tax</b>	<b>(451,847)</b>	<b>(2,331,399)</b>	<b>(7,888,451)</b>	<b>(1,209,533)</b>	<b>2,627,423</b>

### Per share data

(Loss)/earnings per ordinary share (kobo)	(20)	(104)	(351)	(54)	117
Net (liabilities) / assets per ordinary share (kobo)	34	54	158	498	565

Loss per share is based on the loss after tax for the financial period and the weighted average number of issued and fully paid ordinary shares at the end of each financial period.

Net assets/(liabilities) per share is based on net assets/(liabilities) and the weighted average number of issued and fully paid ordinary shares at the end of each financial period.